



INFORMATION SHEET

Serving the People of California

RESTAURANT AND HOTEL INDUSTRY

The restaurant and hotel industries consist of establishments that are open to the public or are operated by membership organizations that furnish meals or lodging. The restaurant industry is comprised of establishments that prepare and serve meals and beverages that include, but are not limited to restaurants, cafeterias, caterers, cocktail lounges, diners, fast food places, and takeout or delivery businesses. Establishments in the hotel industry provide lodging to their customers or members and include, but are not limited to hotels, motels, hostels, inns, rooming and boarding houses, fraternity or sorority residential houses, and residential clubs.

Who is an Employee?

A worker is a common law employee when the employer has the right to direct and control the manner and means of accomplishing the work. See Information Sheet: Employment (DE 231).

Types of employee services that are typical in the restaurant industry are:

- Chefs
- Dishwashers
- Bus Persons
- Maitre-D's
- Cashiers
- Delivery Persons
- Valets
- Cooks
- Kitchen Helpers
- Waiters and Waitresses
- Hosts and Hostesses
- Managers
- Bartenders
- Clerical and Office Staff

Types of employee services that are typical in the hotel industry may include the above as well as the following:

- Maids
- Laundry Persons
- Desk Clerks
- Bellhops
- Switchboard Operators
- Repair and Maintenance
- Persons

Other services that may be performed by an employee under common law rules include, but are not limited to clerical staff, bookkeepers, janitors, and entertainers.

What are Wages?

"Wages" are payments made to an employee for services performed during employment. The payment may be made in cash or some medium other than cash. Types of payments typically considered to be wages are:

- Cash
- Meals and Beverages
- Lodging
- Tips

Employer provided meals and lodging are subject to unemployment insurance (UI), disability insurance (DI), and the employment training tax (ETT). Meals are subject to California personal income tax withholding (PIT) unless furnished for the employer's convenience and on the employer's premise. Lodging is also subject to PIT unless furnished on the employer's premises, for the employer's convenience, and as a condition of employment.

What is the Value of Meals and Lodging?

The taxable value of meals and lodging should not be less than the reasonable estimated value stipulated by the contract of employment or in an union agreement. If the cash value is not stipulated in the hiring or union agreement, the taxable value is established by regulation. The taxable value of lodging is 66 2/3 percent of the ordinary rental value to the public up to a maximum per month and not less than a minimum value per week. The taxable values of meals and lodging are listed below:

VALUE OF MEALS						VALUE OF LODGING	
YEAR	DAY	BR.	LU.	DI.	UNID	MAX PER MONTH	PER WEEK
1995	6.75	1.45	2.05	3.25	2.35	\$659	\$21.35
1996	6.90	1.50	2.10	3.30	2.40	\$662	\$21.45
1997	7.10	1.55	2.15	3.40	2.45	\$666	\$21.60
1998	7.35	1.60	2.25	3.50	2.55	\$681	\$22.10

NOTE: These values apply to nonmaritime employees only.
Lodging (66 2/3 percent of ordinary rental value)

The cash value of meals and lodging is subject to change each calendar year. This information is published in the Employment Development Department's (EDD) quarterly newsletter, the "California Employer," which is mailed to all registered employers. You may also obtain this information from your local Employment Tax Customer Service Office.

"Wages" Includes Tips

Employees who receive more than \$20 in tips in a calendar month must report all tips in one or more written statements to the

employer on or before the 10th day of the month following the month in which they are received from the customer. Tips are taxable when the employee's statement is furnished to the employer. Banquet tips and tips controlled by the employer are treated as regular wages and their taxability is not contingent upon employees reporting them to the employer.

Tips which are included in a written statement furnished to the employer are wages and are subject to UI, ETT, DI, and PIT. Tips should be combined with regular wages when reported to EDD.

Equal Opportunity Employer/Program. Auxiliary services available to individuals with disabilities. Hearing and/or speech impaired individuals, contact the California Relay Service: TDD Users: 1-800-735-2929
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